

POPLAR COMMUNITY SERVICES DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2019

(With Independent Auditor's Report Thereon)

**Bill R. Walker
Certified Public Accountant**

**POPLAR COMMUNITY SERVICES DISTRICT
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JUNE 30, 2019**

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Report of Independent Auditor

Board of Directors
Poplar Community Services District
Porterville, California

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type statements of Poplar Community Services District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Poplar Community Services District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my

inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Poplar Community Services District's basic financial statements. The combining fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 12, 2024, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Poplar Community Services District's internal control over financial reporting and compliance.

Bill R. Walker

Bill R. Walker
Certified Public Accountant

Bakersfield, California
June 12, 2024

POPLAR COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

As management of the Poplar Community Services District (the District), we offer readers of the District's basic financial statements this narrative overview and analysis of the District's financial performance during the year ending June 30, 2019. Please read it in conjunction with the District's financial statements, which follow in this section.

Financial Highlights

The District's total net position increased \$ 225,539 or 6.7% over the course of the year's operations. This increase was primarily related to operational expenses decreasing 3.5%, total expenses decreasing 22.5%, and non-operating revenue increasing 58.8%, and Contributed Capital - California State Proposition 84 funding increasing \$16,865 or 3.8% for the fiscal year ended June 30, 2019.

The District's total operational revenue decreased \$8,747 or 1.8% during the year ended June 30, 2019.

The District's operating expenses decreased \$27,720 or 4.4% during the fiscal year ended June 30, 2019.

The District's capital assets, before accumulated depreciation increased \$138,511 or 2.4% during the fiscal year ended June 30, 2019 as a result of operational fixed assets.

POPLAR COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report, the financial statements of the District and selected additional information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The financial statements of the District report information of the District using accounting methods like those used by private sector companies. These statements offer short and long term financial information about its activities. The Statement of Net Position includes all of District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and for assessing the liquidity and financial flexibility of the District.

All the current year's revenues and expenses are accounted for in the Statement of Revenues and Expenses, and Changes in Net Position. These statements measure the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all of its costs through its contract revenue and contributions - other districts and other charges, as well as its profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts , cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, " Is the District as a whole better off or worse off because of the year's activities?" The Statement of Net Position, and the Statements of Revenues and Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These three statements report the net position of the District and the changes in them. One can think of the District's net position, is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

POPLAR COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Net Position

To begin our analysis, a summary of the District's Statements of Net Position is presented in Table A-1

Table A - 1
Condensed Statements of Net Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	\$ 1,067,340	\$ 918,195	\$ 149,145	16.2%
Capital Assets	2,931,751	2,893,060	38,691	1.3%
Other Assets	-	-	-	0.0%
Total Assets	<u>3,999,091</u>	<u>3,811,255</u>	<u>187,836</u>	<u>4.9%</u>
Current Liabilities	63,767	81,770	(18,003)	-22.0%
Long- Term Debt	340,498	360,498	(20,000)	-
Other Liabilities	-	-	-	-
Total Liabilities	<u>404,265</u>	<u>442,268</u>	<u>(38,003)</u>	<u>-8.6%</u>
Unrestricted Net Position	477,911	510,732	(32,821)	-6.4%
Restricted Net Position - Proposition 84	547,203	344,693	202,510	0.0%
Invested in Capital Assets, net of Related Debt	<u>2,569,712</u>	<u>2,513,562</u>	<u>56,150</u>	<u>2.2%</u>
	<u>\$ 3,594,826</u>	<u>\$ 3,368,987</u>	<u>\$ 225,839</u>	<u>6.7%</u>

As can be seen from the table above, total assets increased \$187,836 to \$3,999,091 at June 30, 2019 up from \$3,811,255 at June 30, 2018. The increase in total assets of the District was composed of two factors: current assets increased \$149,145, and capital assets net of depreciation increased \$38,691.

POPLAR COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Table A-2 Condensed Statements of Revenues and Expenses and
Changes in Net Position
Year Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues	\$ 507,429	\$ 498,682	\$ 8,747	1.8%
Non-operating Revenues	<u>35,968</u>	<u>231,181</u>	<u>(195,213)</u>	<u>-84.4%</u>
Total Revenues	<u>\$ 543,397</u>	<u>\$ 729,863</u>	<u>\$ (186,466)</u>	<u>-25.5%</u>
Operating Expenses	605,689	633,409	(27,720)	-4.4%
Non-operating Expenses	<u>4,382</u>	<u>22,809</u>	<u>(18,427)</u>	<u>-</u>
Total Expenses	<u>\$ 610,071</u>	<u>\$ 656,218</u>	<u>\$ (46,147)</u>	<u>-7.0%</u>

The District's operating revenues increased \$8,747 to \$507,429 during the year ended June 30, 2019 from \$498,682 during the year ended June 30, 2018. The District's non-operating revenues decreased \$195,213 to \$35,968 during the year ended June 30, 2019 from \$231,181 during the year ended June 30, 2018. The District's operating expenses decreased \$27,720 to \$605,689 during the year ended June 30, 2019 from \$633,409 during the year ended June 30, 2018. The District's non-operating expenses decreased \$18,427 to \$4,382 during the year ended June 30, 2019 from \$22,809 during the year ended June 30, 2018.

POPLAR COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Table A-3
Schedule of Capital Assets
Year Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<i><u>Capital Assets Being Depreciated</u></i>				
Water Fund	\$ 1,606,225	\$ 1,606,225	\$ -	0.0%
Sewer Fund	2,858,911	2,858,911	-	0.0%
Parks and Recreation Fund	<u>4,922</u>	<u>4,922</u>	<u>-</u>	<u>0.0%</u>
Less, Accumulated Depreciation	<u>(2,887,449)</u>	<u>(2,787,629)</u>	<u>(99,820)</u>	<u>8.6%</u>
Depreciable Assets, Net of Accumulated Depreciation	<u>\$ 1,582,609</u>	<u>\$ 1,682,429</u>	<u>\$ (99,820)</u>	<u>-5.9%</u>
<i><u>Capital Assets Not Being Depreciated</u></i>				
Water Fund	251,269	215,836	35,433	16.4%
Sewer Fund	881,535	778,457	103,078	13.2%
Parks and Recreation Fund	<u>216,338</u>	<u>216,338</u>	<u>-</u>	<u>0.0%</u>
Total Capital Assets not Being Depreciated	<u>1,349,142</u>	<u>1,210,631</u>	<u>138,511</u>	<u>11.4%</u>
Total Capital Assets , Net of Accumulated Depreciation	<u>\$ 2,931,751</u>	<u>\$ 2,893,060</u>	<u>\$ 38,691</u>	<u>1.3%</u>

Table A-4
Changes in long-Term Liabilities

	<u>Balance 07/01/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/2019</u>
United States Department of Agriculture	<u>\$ 379,498</u>	<u>\$ -</u>	<u>\$ 19,000</u>	<u>\$ 360,498</u>

POPLAR COMMUNITY SERVICES DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2019

Contacting District Management

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 14656 Road 192, Porterville, California 93257

FINANCIAL STATEMENTS

**POPLAR COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 477,911
Restricted cash	547,203
Accounts receivable	3,256
Grants receivable	24,628
Prepaid expenses	8,451
Interfund receivable	<u>5,891</u>
Total Current Assets	<u>1,067,340</u>

NON-CURRENT ASSETS

Capital assets net of accumulated depreciation	<u>2,931,751</u>
Total Non-Current Assets	<u>2,931,751</u>

TOTAL ASSETS	<u><u>3,999,091</u></u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	37,041
Compensated absences	848
Interfund payable	5,878
Current portion of long-term debt	<u>20,000</u>
Total Current Liabilities	<u>63,767</u>

NON-CURRENT LIABILITIES

Notes payable , net of current portion	<u>340,498</u>
Total Non-Current Liabilities	<u>340,498</u>

TOTAL LIABILITIES	<u><u>404,265</u></u>
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The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019**

NET POSITION

Investment in capital assets, net of related debt	2,569,712
Restricted	547,203
Unrestricted	<u>477,911</u>
 TOTAL NET POSITION	 <u><u>\$ 3,594,826</u></u>

The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2019**

Operating Revenues	
Customer service fees	<u>\$ 507,429</u>
Total Operating Revenues	<u>507,429</u>
Operating Expenses	
Salaries and wages	136,656
Employee benefits	9,460
Repairs and maintenance	31,819
Insurance	19,980
Professional and specialized fees	125,347
Office expense	54,127
Supplies	25,101
Utilities	82,163
Depreciation	99,820
Permits and assessments	5,240
Miscellaneous	11,950
Travel	<u>4,026</u>
Total Operating Expenses	<u>605,689</u>
Operating(Loss)	<u>(98,260)</u>
Non-operating Revenues (Expenses)	
Intergovernmental revenue	2,771
Property taxes	16,887
Rental income	7,546
Rental expense	(4,382)
Investment income	7,766
Miscellaneous income	998
Interest expense	<u>-</u>
Non-Operating Revenues (Expenses) (Net)	<u>31,586</u>
Change in Net Position	<u>(66,674)</u>

The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2019**

NET POSITION, Beginning of the Year, Restated	<u>3,661,500</u>
NET POSITION, End of the Year	<u><u>\$ 3,594,826</u></u>

The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net position	\$ (66,674)
Adjustments to reconcile Change in Net Position to Net Cash Flows from Operating Activities:	
Depreciation	99,820
(Increase) decrease in accounts receivable	(11,015)
(Increase) decrease in grant receivable	-
Increase (decrease) in accounts payable	(18,989)
Increase (decrease) in interfund payable	-
	3,142
Net Cash Provided (Used) by Operating Activities	
	3,142
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of equipment	-
	-
Net Cash Provided (Used) by Investing Activities	
	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from USDA funding	209,949
Principal payments on long-term debt	(63,945)
	146,004
Net Cash Provided (Used) by Financing Activities	
	146,004
Net Increase (Decrease) in Cash	149,146
Cash, Beginning of Period	875,968
	875,968
Cash, End of Period	\$ 1,025,114
	\$ 1,025,114

The accompanying notes are an integral part of these financial statements

POPLAR COMMUNITY SERVICES DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2019

RECONCILIATION TO BALANCE SHEET

Unrestricted cash	\$ 477,911
Restricted cash	<u>547,203</u>
	<u><u>\$ 1,025,114</u></u>

**SUPPLEMENTAL DISCLOSURES OF
CASH FLOW INFORMATION**

Interest Paid	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019**

1 Summary of Significant Accounting Policies

Organization of the District

Poplar Community Services District (the District) is a California Special District providing water and sewer service to approximately 580 residences in the community of Poplar, California. The District was founded in 1978-1979 and is governed by a board of directors. The District also administers the Park and Recreation Fund for the community of Poplar.

Reporting Entity

The District's basic financial statements include the accounts of all of its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement Number 14, The Financial Reporting Entity, as amended by GASB Statement Number 39, Determining Whether Certain Organizations are Component Units, include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit /burden on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASS statements.

Fund Accounting

The operations of the District are accounted for in an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed through user charges.

Basis of Accounting

The District, as an enterprise fund, accounts for its operations in a manner similar to private business enterprise. The intent of the governing body is that the costs (including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The focus of enterprise fund measurement is based upon determination of operating income, changes in net assets, financial reporting, and cash flows. The District's enterprise fund financial statements are presented on the accrual basis of accounting, revenues are

POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019

1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting

recognized when earned and expenses are recognized when incurred.

The District's operating revenues are those that result from providing services and producing and delivering goods, and include all other revenues that do not result from transactions defined by GASS Statements Number 9 as capital and related financing, non-capital financing, or investing activities.

Under the provision of Governmental Accounting Standards Board (GASS) Pronouncement Number 20, the District has elected to follow all GASS pronouncements and Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except for those that conflict with GASS pronouncements.

When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, and then use unrestricted resources as they are needed.

Budgets and Budgetary Accounting

By state law, the District's governing board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are reviewed by the District's governing board during the year to give consideration to unanticipated income and expenditures.

principal activity of the funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes and investment earnings, result from non-exchange transactions or ancillary services.

Cash Equivalents and Investments

The District considers all highly liquid investments (including restricted cash and investments) with maturities of three months or less when purchased to be cash equivalents. This includes bank accounts and deposits with the County of Tulare (County).

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019

1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Interfund Activity

Interfund activity results from reimbursements or transfers between funds. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and transfers out are netted and treated as single "Transfers" line on the Statement of Activities. Similarly, interfund receivables and payables are netted and presented as "Interfund Receivable" and "Interfund Payable" on the Statement of Net Position.

Capital Assets

Capital assets are stated at cost. Maintenance and repairs are charged to expenses as incurred and improvements and renewals are capitalized.

Depreciation is calculated on the straight-line method over useful lives which range from five to forty years.

Compensated Absences

Accumulated unpaid employee vacation benefits are reconized as a liability of the District. The District allows employees to accumulte vacationn days up to a maximum of 30 days. Employees do not gain a vested right to accumulated sick leave . Therefore, accumulated sick leave benefits are not recognized as a liability of the District, but recorded a expenditures in the year they are utilized.

Net Position

Net position comprise the net earnings from operating income , non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted - This component of netposition consists of constraints imposed by creditors (such as through debt covenants) grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets"

**POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019**

1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Accounts Receivable

The District deems all accounts receivable collectible; accordingly, no allowance for doubtful accounts is reported. If amounts become uncollectible, they will be charged to operations when the determination is made.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments on November 1 and February 1 and are collectible December 10 through April 10. Unsecured property taxes are payable in one installment on or before August 31.

The County of Tulare bills and collects taxes for the District. Property tax revenues are recognized by the District when received, except at year-end. An accrual is made when property taxes are received soon enough thereafter to pay liabilities of the current period.

Management's Review

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through June 12, 2024, the date the financial statements were available to be issued.

2 Cash and Investments

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

	Water	Sewer	Parks and Recreation	Total
Deposits:				
Cash on hand and in banks	\$ 43,672	\$ 9,841	\$ 204,327	\$ 257,840
Pooled Funds:				
Cash in County Treasury Investment Fund	398,852	280,460	87,962	767,274
Total Cash and Investments	\$ 442,524	\$ 290,301	\$ 292,289	\$ 1,025,114

Restricted and unrestricted cash and cash investments at June 30, 2019, were as follows:

	Water	Sewer	Parks and Recreation	Total
Restricted for:				
Debt service	\$ -	\$ 20,000	\$ -	\$ 20,000
Connection fees	271,493	38,727	216,983	527,203
Unrestricted	171,031	231,574	75,306	477,911
	\$ 442,524	\$ 290,301	\$ 292,289	\$ 1,025,114

**POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019**

2 Cash and Investments (Continued)

The District's cash in the Tulare County Treasury is pooled with other entities and invested in several types of investments. The total of Tulare County Investments as of June 30, 2019 was as follows:

<u>Credit Rating</u>	<u>Book Value</u>	<u>Percentage of Portfolio</u>
AAA	\$ 206,086,925	13%
A-1+/A-1 (Short-term Rating)	96,375,433	6%
AA	827,490,682	51%
A	315,723,289	19%
BBB*	28,002,181	2%
Not Rated**	119,469,457	7%
Cash***	36,164,186	2%
Total	\$ 1,629,312,153	100%

* Securities rated in the BBB category by S & P are reated A- or the equivalent or better by at least one NRSRO

** The portion of the portfolio that is invested in LAIF, the State of California Pooled Investment Fund is not rated. The Remaining portion not rated comprises individual securities with ratings of A- or the equivalent or better by at least one NRSRO.

*** Fully collateralized in accordance with California Government Code.

Investments Authorized by the District's Investment Policy

The District's Investment Policy only authorizes investment in the local government investment pool administered by the County of Tulare, California. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Related to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates, As of year-end, the weighted average maturity of the investments contained in the County of Tulare investment pool is approximately 711 days.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment.

**POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019**

2 Cash and Investments (Continued)

<u>Investment Type</u>	<u>Amount</u>	<u>Maturity Date</u>
County Investment Pool	\$ 767,274	711 days
Total	<u>\$ 767,274</u>	

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County of Tulare Investment Pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the County contains a limitation on the amount that can be invested in any one issuer beyond that stipulated by the California government Code. There are no investments in any one issuer that represents 10% or more of Total County's investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by a state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated by the governmental unit. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

Investment in State Investment Pool

The County is a voluntary participant in the State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported at amounts based upon the County's pro-rata share of the fair value provided by LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019**

2 Cash and Investments (Continued)

The Tulare County Treasurer is authorized to invest in the following:

A listing of the securities owned by Tulare County is shown below:

	Portfolio Composition			Permitted by Policy
	Book Value	Market Value	% of Portfolio	
U. S. Treasuries	394,127,001	399,685,510	24%	100%
Federal Agencies	263,994,412	266,419,719	16%	75%
Agency Mortgage backed Securities (MBS)	37,985,390	37,976,081	2%	
U. S. Instrumentalities - Supranationals	79,000,934	79,342,017	5%	30%
Negotiable CDs	132,074,326	132,538,482	8%	30%
Floating Rate Negotiable CD	4,730,000	4,740,075	<1%	30%
Corporate Bonds and Notes	378,400,521	381,498,449	23%	30%
Municipal Obligations	21,680,000	21,679,126	1%	30%
Asset Backed Securities	59,362,511	59,625,632	4%	20%
Commercial Paper	72,573,638	72,642,630	4%	40%
Local Agency Investment Fund (LAIF)	62,334,185	62,334,185	4%	\$65 Million
California Asset Management Program (CAMP)	86,591,273	86,591,273	5%	50%
Money Market Funds	293,776	293,776	<1%	15%
Money Market Accounts	20,270,493	20,270,493	1%	50%
Cash	15,893,694	15,893,694	1%	100%
Total	<u>\$ 1,629,312,153</u>	<u>\$ 1,641,531,140</u>	<u>100%</u>	

All cash is payable to the District upon demand. Poplar Community Services District's portion of pooled funds at June 30, 2019 was \$767,274.

**POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019**

3 Capital Assets

A schedule of changes in capital assets for the year ending June 30, 2019 is shown below:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
<u>Water Fund</u>				
Nondepreciable capital assets:				
Land	\$ 27,956	\$ -	\$ -	\$ 27,956
Construction in Progress	187,880	35,433		223,313
	<u>215,836</u>	<u>35,433</u>	<u>-</u>	<u>251,269</u>
Total Nondepreciable Assets				
Depreciable capital assets:				
Buildings	1,570,518			1,570,518
Equipment	34,207			34,207
Vehicles	1,500			1,500
	<u>1,606,225</u>	<u>-</u>	<u>-</u>	<u>1,606,225</u>
Total Depreciable Capital Assets				
Less, accumulated depreciation:				
Buildings	1,050,062	22,912	-	1,072,974
Equipment	14,909	1,484	-	16,393
Vehicles	1,500	-	-	1,500
	<u>1,066,471</u>	<u>24,396</u>	<u>-</u>	<u>1,090,867</u>
Total Accumulated Depreciation				
Net Depreciable Capital Assets	<u>539,754</u>	<u>(24,396)</u>	<u>-</u>	<u>515,358</u>
Total Capital Assets, Net	<u>\$ 755,590</u>	<u>\$ 11,037</u>	<u>\$ -</u>	<u>\$ 766,627</u>

POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019

3 Capital Assets (Continued)

<u>Sewer Fund</u>	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Nondepreciable capital assets:				
Land	\$ 601,373	\$ -	\$ -	\$ 601,373
Construction in Progress	177,084	103,078	-	280,162
Total Nondepreciable Assets	778,457	103,078	-	881,535
Depreciable capital assets:				
Buildings	2,788,721	-	-	2,788,721
Equipment	68,690	-	-	68,690
Vehicles	1,500	-	-	1,500
Total Depreciable Capital Assets	2,858,911	-	-	2,858,911
Less, accumulated depreciation:				
Buildings	1,667,807	70,577	-	1,738,384
Equipment	46,929	4,847	-	51,776
Vehicles	1,500	-	-	1,500
Total Accumulated Dereciation	1,716,236	75,424	-	1,791,660
Net Depreciable Capital Assets	1,142,675	(75,424)	-	1,067,251
Total Capital Assets, Net	\$ 1,921,132	\$ 27,654	\$ -	\$ 1,948,786
<u>Parks and Recreation Fund</u>	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Nondepreciable capital assets:				
Land	\$ 216,338	-	\$ -	\$ 216,338
Total Nondepreciable Assets	216,338	-	-	216,338
Depreciable capital assets:				
Equipment	4,922	-	-	4,922
Total Depreciable Capital Assets	4,922	-	-	4,922
Less, accumulated depreciation:				
Equipment	4,922	-	-	4,922
Total Accumulated Dereciation	4,922	-	-	4,922
Net Depreciable Capital Assets	-	-	-	-
Total Capital Assets, Net	\$ 216,338	\$ -	\$ -	216,338

**POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019**

4 Notes Payable

Bond payable to United States Department of Agriculture authorized and issued for construction of the sewer system. Terms: Payable in semiannual installments, including interest at 5.0% per annum. The original note was \$642,000, due October 1, 2031, secured by the District's sewer system.

\$ 360,498

Less, Current Portion

20,000

Long-term Portion

\$ 340,498

The debt payment schedule for the year ending June 30, 2019 is as follows:

Year Ending June 30,	Sewer	
	Principal	Interest
2020	\$ 20,000	\$ 17,588
2021	21,000	16,563
2022	23,000	15,463
2023	24,000	14,785
2024-2028	128,000	62,970
2029-2032	164,498	20,990
Total	<u><u>\$ 360,498</u></u>	<u><u>\$ 148,359</u></u>

Changes in long-Term Liabilities

	Balance 07/01/2018	Additions	Reductions	Balance 06/30/2019
United States Department of Agriculture	<u><u>\$ 379,498</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,000</u></u>	<u><u>\$ 360,498</u></u>

5 Risk Management

The District has purchased commercial insurance policies for various risks of loss related to torts, theft, damage or destruction of assets, wrongful acts, injuries to employees, and employee health and life. Payments of premiums for these policies are recorded as expenses of the District. Insurance settlements have not exceeded insurance coverage in any of the past three years. There are no significant reductions in coverage compared to prior years.

**POPLAR COMMUNITY SERVICES DISTRICT
NOTES TO THE FINANCIAL SERVICES
JUNE 30, 2019**

6 Prior Period Adjustment

A review of the capitalization policy of the District revealed that principal and interest expenditures were recorded as a period expense instead of being capitalized as per Generally Accepted Accounting Policies (GAAP). The following adjustment to the Net Assets reflects the correction of the capitalization policy:

	<u>Water</u>	Sewer	<u>Parks and Reconciliation</u>	<u>Total</u>
Net position at June 30, 2018, as originally stated	\$ 1,214,909	\$ 1,847,694	\$ 306,384	\$ 3,368,987
Prior period adjustment	-	91,095	201,418	292,513
Net position at June 30, 2018, restated	<u>\$ 1,214,909</u>	<u>\$ 1,938,789</u>	<u>\$ 507,802</u>	<u>\$ 3,661,500</u>

Bill R. Walker
Certified Public Accountant

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**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with Government Auditing Standards**

Board of Directors
Poplar Community Services
District
Porterville, California

I have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Poplar Community Services District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated June 12, 2024.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Poplar Community Services District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bill R. Walker

Bill R. Walker
Certified Public Accountant
Bakersfield, California

June 12, 2024

SUPPLEMENTARY INFORMATION

**POPLAR COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 171,031	\$ 231,574	\$ 75,306	\$ 477,911
Restricted cash	271,493	58,727	216,983	547,203
Accounts receivable	1,316	1,940	-	3,256
Grants receivable	-	24,628	-	24,628
Prepaid expenses	4,198	4,253	-	8,451
Interfund receivable	5,891	-	-	5,891
Total Current Assets	453,929	321,122	292,289	1,067,340
NON-CURRENT ASSETS				
Capital assets net of accumulated depreciation	766,627	1,948,786	216,338	2,931,751
Total Non-Current Assets	766,627	1,948,786	216,338	2,931,751
TOTAL ASSETS	1,220,556	2,269,908	508,627	3,999,091
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	25,269	11,772	-	37,041
Compensated absences	848	-	-	848
Interfund payable	5,878	-	-	5,878
Current portion of long-term debt	-	20,000	-	20,000
Total Current Liabilities	31,995	31,772	-	63,767
NON-CURRENT LIABILITIES				
Notes payable , net of current portion	-	340,498	-	340,498
Total Non-Current Liabilities	-	340,498	-	340,498
TOTAL LIABILITIES	31,995	372,270	-	404,265

The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total</u>
NET POSITION				
Investment in capital assets, net of related debt	746,037	1,607,337	216,338	2,569,712
Restricted	271,493	58,727	216,983	547,203
Unrestricted	171,031	231,574	75,306	477,911
 TOTAL NET POSITION	\$ 1,188,561	\$ 1,897,638	\$ 508,627	\$ 3,594,826

The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total</u>
Operating Revenues				
Customer service fees	\$ 276,424	\$ 231,005	\$ -	\$ 507,429
Total Operating Revenues	276,424	231,005	-	507,429
Operating Expenses				
Salaries and wages	68,328	68,328	-	136,656
Employee benefits	4,730	4,730	-	9,460
Repairs and maintenance	18,952	11,278	1,589	31,819
Insurance	9,990	9,990	-	19,980
Professional and specialized fees	90,333	34,824	190	125,347
Office expense	36,517	17,571	39	54,127
Supplies	15,990	9,111	-	25,101
Utilities	46,868	35,013	282	82,163
Depreciation	24,396	75,424	-	99,820
Permits and assessments	2,620	2,620	-	5,240
Miscellaneous	6,589	5,361	-	11,950
Travel	2,013	2,013	-	4,026
Total Operating Expenses	327,326	276,263	2,100	605,689
Operating(Loss)	(50,902)	(45,258)	(2,100)	(98,260)
Non-operating Revenues (Expenses)				
Intergovernmental revenue	692	693	1,386	2,771
Property taxes	16,887	-	-	16,887
Rental income	2,317	2,079	3,150	7,546
Rental expense	(113)	(3,263)	(1,006)	(4,382)
Investment income	4,272	2,713	781	7,766
Miscellaneous income	499	499	-	998
Interest expense	-	-	-	-
Non-Operating Revenues (Expenses) (Net)	24,554	2,721	4,311	31,586
Change in Net Position	(26,348)	(42,537)	2,211	(66,674)

The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total</u>
NET POSITION, Beginning of the Year, Restated	1,214,909	1,938,789	507,802	3,661,500
NET POSITION, End of the Year	\$ 1,188,561	\$ 1,896,252	\$ 510,013	\$ 3,594,826

The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net position	\$ (26,348)	\$ (42,537)	\$ 2,211	\$ (66,674)
Adjustments to reconcile Change in Net Position to Net Cash Flows from Operating Activities:				
Depreciation	24,396	75,424	-	99,820
(Increase) decrease in accounts receivable	(8,936)	(693)	(1,386)	(11,015)
(Increase) decrease in grant receivable	-	-	-	-
Increase (decrease) in accounts payable	18,582	(37,571)	-	(18,989)
Increase (decrease) in interfund payable	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>7,694</u>	<u>(5,377)</u>	<u>825</u>	<u>3,142</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment	-	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from USDA funding	8,936	-	201,013	209,949
Principal payments on long-term debt	(44,945)	(19,000)	-	(63,945)
Net Cash Provided (Used) by Financing Activities	<u>(36,009)</u>	<u>(19,000)</u>	<u>201,013</u>	<u>146,004</u>
Net Increase (Decrease) in Cash	(28,315)	(24,377)	201,838	149,146
Cash, Beginning of Period	<u>470,839</u>	<u>314,678</u>	<u>90,451</u>	<u>875,968</u>
Cash, End of Period	<u>\$ 442,524</u>	<u>\$ 290,301</u>	<u>\$ 292,289</u>	<u>\$ 1,025,114</u>

The accompanying notes are an integral part of these financial statements

**POPLAR COMMUNITY SERVICES DISTRICT
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Parks and Recreation Fund</u>	<u>Total</u>
RECONCILIATION TO BALANCE SHEET				
Unrestricted cash	\$ 171,031	\$ 231,574	\$ 75,306	\$ 477,911
Restricted cash	271,493	58,727	216,983	547,203
	\$ 442,524	\$ 290,301	\$ 292,289	\$ 1,025,114
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Interest Paid	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements